

VZCZCXRO2355
RR RUEHPB
DE RUEHPB #0364 2440647
ZNY EEEEE ZZH
R 010647Z SEP 06
FM AMEMBASSY PORT MORESBY
TO RUEHC/SECSTATE WASHDC 4598
INFO RUEHBY/AMEMBASSY CANBERRA 0869
RUEHSV/AMEMBASSY SUVA 0154
RUEHWL/AMEMBASSY WELLINGTON 0198
RHMFISS/CDR USPACOM HONOLULU HI
RUEHPB/AMEMBASSY PORT MORESBY 2013

UNCLAS E F T O PORT MORESBY 000364

SIPDIS

SIPDIS

FOR EAP/ANP

E.O. 12958: N/A

TAGS: [PREL](#) [PINR](#) [NH](#)

SUBJECT: VANUATU - GHOST OF PHOENIX PAST

1.(SBU) Summary: A sometimes flaky Vanuatu Cabinet Minister has signed an agreement with an obscure group of American investors for a free port with its own currency, passports etc. The proposal is remarkably similar to an effort by the Phoenix Foundation in 1980 to establish an independent libertarian state, which ended up being put down with the assistance of troops from PNG. This new proposal doesn't appear to be going anywhere fast. It's been immediately subject to much local criticism and the cabinet has referred it for study.

2.(U) On June 27, Maxime Carlot Korman, Lands Minister in the current Vanuatu Government, traveled to Texas to sign the agreement with three American investors, Richard Fair Jr, Douglas Richardson, and Grant la Point. The agreement would establish a free port on 4000 hectares in the Big Bay area of the island of Espiritu Santo. With Korman were two individuals from the Nagriamel movement and billed as representatives of the landowners. The agreement was to prepare a proposal for the government allowing for internal government, issuance of passports, etc, the investors would ensure early development.

3.(SBU) The entire proposal reeks of an earlier venture by the Phoenix Foundation lead by Michael Oliver, a Las Vegas real estate operator. In 1980, the Phoenix Foundation supplied Jimmy Stephens, head of the Nagriamel movement with funds and weapons to support a separatist movement in exchange for similar powers on the same 4000 hectares. The micro state was to be named Vemarana and to be free of taxes and other modern inconveniences. The Nagriamel movement is francophone and was abetted by French interests which objected to Vanuatu's independence that year. Oliver, despite having been deported and banned from Vanuatu over the affair, has returned to Espiritu Santo in recent years. Unconfirmed reports link him to the new venture.

4.(SBU) Korman, though he has served as Prime Minister and Foreign Minister is now considered the somewhat flaky head of a small party in the current coalition. The cabinet did not warmly receive his proposal. We understand it has been referred to committee for study, with a view to establishing the agreement imposes no obligation on the government.

5.(SBU) COMMENT: Though Vanuatu's citizens are often seen as naove and eager dupes for improbable cons, it's not certain who is duping whom. The landowners brought by Korman to the signing are actually not from the area in question. When pressed on return to Vanuatu, they maintained that they had not signed as owners of the land, but had merely signed on to be local agents for the Americans. Hopefully, this initiative will die in committee or simply fade away. Still, given the disruption caused by the earlier movement, it will bear watching.

FITTS